

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

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SENTRY SELECT INSURANCE CO. and
SENTRY INSURANCE A MUTUAL
COMPANY,

Plaintiffs,

v.

Civil Action No. 06-4779
Honorable Jan E. DuBois

LBL SKYSYSTEMS (U.S.A.), INC., ST.
PAUL GUARANTEE INSURANCE
COMPANY, SOLERA CONSTRUCTION,
INC., DCM ERECTORS, INC., ERNST &
YOUNG, INC., RAYMOND CHABOT, INC.,
LINDA ANGELLO as COMMISSIONER OF
THE NEW YORK DEPARTMENT OF
LABOR, ANDREW W. ERSISTOFF as
COMMISSIONER OF THE NEW YORK
DEPARTMENT OF TAXATION AND
FINANCE, and LAURENTIAN BANK OF
CANADA,

VERIFICATION OF LBL'S CROSS-
CLAIM IN INTERPLEADER

Defendants.

-----X
LBL SKYSYSTEMS (U.S.A.), INC.,

Cross-Claim Plaintiff,

v.

ST. PAUL GUARANTEE INSURANCE
COMPANY, SOLERA CONSTRUCTION,
INC., DCM ERECTORS, INC., ERNST &
YOUNG, INC., RAYMOND CHABOT, INC.,
LINDA ANGELLO as COMMISSIONER OF
THE NEW YORK DEPARTMENT OF
LABOR, ANDREW W. ERSISTOFF as
COMMISSIONER OF THE NEW YORK
DEPARTMENT OF TAXATION AND
FINANCE, and LAURENTIAN BANK OF
CANADA,

Cross-Claim Defendants.

-----X

I, Mark J. Knudsen, as a Vice President of St. Paul Guarantee Insurance Company, formerly London Guarantee Insurance Company ("St. Paul/London"), declare under penalty of perjury under the laws of the United States of America:

1. LBL Skysystems (U.S.A.) Inc. ("LBL"), and its affiliate, Lessard Beaucage Lemieux Inc., signed, executed, and delivered an Indemnity and Security Agreement on or about April 16, 1998 to and in favor of St. Paul/London. A true and correct copy of the Indemnity and Security Agreement was attached as Exhibit A to St. Paul Guarantee Insurance Company's Answer to Interpleader Complaint and Cross-Claims (Document No. 23, filed November 13, 2006).

2. In reliance on the Indemnity and Security Agreement, St. Paul/London issued, or caused to be issued, "Bonds" (as defined in the Indemnity and Security Agreement) for construction contracts entered into by LBL and Lessard Beaucage Lemieux Inc. These Bonds generally guaranteed the completion of LBL's work under its construction contracts and/or the payment of claims thereunder or related thereto (subject to the terms of such Bonds and such construction contracts). Included in the Bonds subject to the Indemnity and Security Agreement are the Bonds issued in connection with construction of the perimeter wall for the new USAirways International Terminal at the Philadelphia International Airport, which was the subject of the claims between LBL and APG in that action in United States District Court for the Eastern District of Pennsylvania, Case No. 02-5379, resulting in judgment in favor of LBL in the amount of \$1,566,381.00 ("Pennsylvania Judgment"). As of the date hereof, the amount of (a) funds actually disbursed, or caused to be disbursed, by St. Paul/London on behalf of or to LBL pursuant to such Bonds, which funds are now due from LBL to St. Paul/London pursuant to the Indemnity and Security Agreement, and (b) sums otherwise due from LBL to St. Paul/London pursuant to the Indemnity and Security Agreement, is not less than \$13,307,757.00 (the

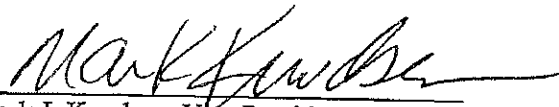
"Indebtedness").¹ Pursuant the Indemnity and Security Agreement, the repayment of the Indebtedness, including that arising from the above-described Bonds, is past due and immediately payable by LBL to St. Paul/London, and is not subject to any defense, setoff, discount, or reduction of any kind by or on behalf of LBL. As a result of the failure of LBL to repay the Indebtedness, LBL is in default under the Indemnity and Security Agreement.

3. By virtue of the express terms of the Indemnity and Security Agreement, St. Paul/London is the attorney in fact for LBL for the purposes of giving effect to the security interest created thereby, and, in that capacity, St. Paul/London is authorized to sign documents on behalf of LBL to facilitate St. Paul/London's enforcing its indemnity rights.² Accordingly, this verification is executed on behalf of St. Paul/London in its capacity as attorney in fact for LBL.

4. I have read LBL Skysystem (U.S.A.), Inc.'s Cross-Claim in Interpleader ("LBL's Cross-Claim") filed contemporaneously herewith.

5. Based upon my current personal knowledge, the facts set forth in LBL's Cross-Claim are true and correct.

Dated: December 9, 2006


Mark J. Knudsen, Vice President
St. Paul Guarantee Company,
as Attorney in Fact for
LBL Skysystems (U.S.A.), Inc.

¹ Pursuant to paragraph 12 of the Indemnity and Security Agreement, LBL and its parent company are jointly and severally liable for all obligations of one another as described in the Indemnity and Security Agreement.

² Paragraph 30 of the Indemnity and Security Agreement provides, in part:

In order to give effect to the securities and security interests granted or created by the present agreement, each Principal specifically constitutes the Surety, its irrevocable attorney . . . (c) to sign any document and deed, give any notice or make any inscription or registration in order to give effect to the provisions of the present agreement and particularly, the hypothecs, charges, assignments and other security interests.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished by email and U.S. mail this 11th day December of 2006 to: Eugene Hamill, Lavin, O'Neill, Ricci, Cedrone & Disipio, 190 North Independence Mall West, Suite 500, 6th and Race Street, Philadelphia, Pennsylvania 19106, **counsel for Plaintiffs Sentry Select Insurance Company and Sentry Insurance A Mutual Company**; Walter Curchak, Esquire and Laura Vasey, Esquire, Loeb & Loeb, 345 Park Avenue, New York, NY 10154, **counsel for Defendant, St. Paul Guarantee Insurance Co.**; Michael S. Saltzman, Esquire, Fineman, Krekstein & Harris, PC, United Plaza, Suite 1800, 30 S. 17th Street, Philadelphia, PA 19103, **local counsel for LBL Skystems, U.S.A., Inc. and St. Paul Guarantee Insurance Co.**; Elliott Tolan, Esquire, 42 S. 15th Street, Suite 1420, Robinson Building, Philadelphia, PA 19102; Edward J. Henderson, Esquire, TORYS, LLP, 237 Park Avenue, New York, NY 10017 and Victor A. Young, Esquire, One Penn Center, 19th Floor, 1617 John F. Kennedy Boulevard, Philadelphia, PA 19103-1895, **counsel for Solera Construction, Inc. and DCM Erectors, Inc.**

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